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HOUSE BILL 284

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Luciano "Lucky" Varela

AN ACT

**RELATING TO TAXATION; PROVIDING FOR INCOME TAX AND CORPORATE
INCOME TAX CREDITS FOR THE PROVISION OF EMPLOYER-SPONSORED
HEALTH INSURANCE.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. A new section of the Income Tax Act is enacted
to read:**

**"[NEW MATERIAL] INCOME TAX-- CREDIT FOR COSTS OF PROVIDING
EMPLOYER-SPONSORED HEALTH INSURANCE. --**

**A. A taxpayer who files an individual New Mexico
income tax return, who is not a dependent of another individual
and who is an owner of a New Mexico business may claim, and the
department may allow, a tax credit in an amount not to exceed
five percent of the cost of employer-sponsored health insurance
provided to the taxpayer's employees or their dependents during**

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1 the taxable year for which the credit is claimed if the
2 taxpayer employs an average of twenty-five or fewer employees
3 during that taxable year and if a credit for providing
4 employer-sponsored health insurance to those employees or their
5 dependents is not claimed pursuant to the Corporate Income and
6 Franchise Tax Act.

7 B. A taxpayer who claims a tax credit pursuant to
8 Subsection A of this section may claim, and the department may
9 allow, an additional tax credit in an amount not to exceed five
10 percent of the cost of providing employer-sponsored health
11 insurance to the taxpayer's employees or their dependents if
12 the taxpayer has not provided employer-sponsored health
13 insurance to the taxpayer's employees or their dependents
14 within the previous twelve months.

15 C. A husband and wife who file separate returns for
16 a taxable year in which they could have filed a joint return
17 may each claim only one-half of the credit that would have been
18 allowed on a joint return.

19 D. A credit provided in this section may only be
20 deducted from the taxpayer's income tax liability for the
21 taxable year. If the credit exceeds the taxpayer's income tax
22 liability for the taxable year, the excess shall be refunded to
23 the taxpayer.

24 E. For the purposes of this section, "employer-
25 sponsored health insurance" means health insurance for which an

1 employer completely or partially pays the costs of that
2 insurance for its employees or their dependents. "

3 Section 2. A new section of the Corporate Income and
4 Franchise Tax Act is enacted to read:

5 "[NEW MATERIAL] CORPORATE INCOME TAX--CREDIT FOR COSTS OF
6 PROVIDING EMPLOYER-SPONSORED HEALTH INSURANCE. --

7 A. A taxpayer that files a corporate income tax
8 return and that is a New Mexico business may claim, and the
9 department may allow, a tax credit in an amount not to exceed
10 five percent of the cost of employer-sponsored health insurance
11 provided to the taxpayer's employees or their dependents during
12 the taxable year for which the credit is claimed if the
13 taxpayer employs an average of twenty-five or fewer employees
14 during that taxable year and if a credit for providing
15 employer-sponsored health insurance to those employees or their
16 dependents is not claimed pursuant to the Income Tax Act.

17 B. A taxpayer that claims a tax credit pursuant to
18 Subsection A of this section may claim, and the department may
19 allow, an additional tax credit in an amount not to exceed five
20 percent of the cost of providing employer-sponsored health
21 insurance to the taxpayer's employees or their dependents if
22 the taxpayer has not provided employer-sponsored health
23 insurance to the taxpayer's employees or their dependents
24 within the previous twelve months.

25 C. A credit provided in this section may only be

1 deducted from the taxpayer's corporate income tax liability for
2 the taxable year. If the credit exceeds the taxpayer's
3 corporate income tax liability for the taxable year, the excess
4 shall be refunded to the taxpayer.

5 D. For the purposes of this section, "employer-
6 sponsored health insurance" means health insurance for which an
7 employer completely or partially pays the costs of that
8 insurance for its employees or their dependents. "

9 Section 3. APPLICABILITY.--The provisions of this act
10 apply to taxable years beginning on or after January 1, 2005.